

**OFFICE OF THE NEW YORK STATE COMPTROLLER  
INTER-OFFICE MEMORANDUM**

**To:**     **File**

**Date of Interview:**   **July 6, 2017**

**From:**   **Amy Mullen**  
              **Forensic Auditor**

**Subject:**   **LGWSC**  
**Case Number:**   **2017-0011**

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**CONFIDENTIAL INTERNAL DOCUMENT**

Chief Investigator Joseph Fiore (via phone), Investigative Attorney Kellie Leinung, and the undersigned conducted a voluntary interview with Vince Sculco (Sculco), on 7/6/17 at approximately 9:37 am, at One Commerce Plaza. Also present was Associate Attorney in the Office of General Council for the Department of State, Kari Gathen.

Sculco is currently employed by the Department of State in the Office of Project Management. He describes his duties as process improvement projects. He began working in this department in May of 2016 to evaluate processes and automate where possible.

Sculco said prior to this position, he worked in Coastal Resources (OPD) beginning in 2008. He held a manager position; overseeing payment requests, contracts, vendor responsibility form reviews, in addition to handling federal grants and supervising a staff of 4-7 people. Sculco said he began working for the Department of State in 2007 as the Assistant to the Secretary of State.

When asked about the structure of the department, Sculco responded that it was grant-focused. He explained that the OPD has two programs - Local Waterfront Revitalization Program (LWRP) and Brownfield Opportunity Area (BOA). OPD manages 600-800 grants and sees thousands of payment requests.

Sculco was asked about his employees' role. He said his employees reviewed contracts, payments, amendments, status reports, and track contract development. He further explained that contract development involves making sure relevant documentation was provided, communicating with localities, and reviewing vendor responsibility form reviews for both the non-profits and the subcontractors on the contract. The group also provides grantees with documentation outlining contract requirements, what kind of documentation is required, retention requirements, and copies of payment forms. Sculco mentioned that Laurissa Garcia (Garcia) did a good job putting that package together and was diligent in monitoring compliance.

Sculco said Garcia would review contracts and documentation, payment requests, and maintain back up. She was also the point person for the localities. Garcia would report issues or concerns to Sculco – for

example, she would let him know if a status report detailing the progress of work done was due and not received.

Sculco was asked if he had communications with the sub-subcontractors on the contracts. He responded that occasionally he did, if the sub-sub was not getting paid. Sculco indicated that this was an issue specifically with contracts involving David Decker (Decker).

Sculco said that he was aware that there were problems with Decker's contracts long before the audit in 2014. He said, "It was glaringly obvious that there was something wrong." He said it was common to the point that it was expected that Decker would indicate a day and time that he would deliver whatever documentation was being requested of him and would not show up. Sculco said DOS doesn't require 100% documentation to be submitted, but the town was supposed to maintain the records. He said the towns never had the documentation and when he would inquire about it to the towns, he was told to talk to Decker.

Sculco said he felt that this was allowed to continue because of "the tone at the top." Sculco said there was "significant pressure" to pay on contracts from Tony Giardina (Giardina). He also said there were often contentious communications from Steve Ridler (Ridler) and Ken Smith (Smith). Sculco said there were times these communications culminated in a "shouting match."

Sculco said there were many times he felt uncomfortable signing off on payment requests and, in that case, the program people would sign off instead. When asked if he felt payments were made when they ought not have been, Sculco said "Yes."

After the audit where the local match was checked, Sculco said it was determined that politically, it was not expedient to try to recover the funds from the municipalities.

Sculco was asked if the changes to the contracts substituting local match went through the Comptroller's Office (OSC). Sculco said the criteria was not met, and so the amendments didn't need to go through OSC.

Sculco was then asked, in his opinion, if the amendments should have gone through OSC he responded, "Clearly the match was not met. We should have recovered the money...They had no skin in the game." Sculco said that Ridler and Smith were fine with it and treated these grants as "entitlement grants" as though the money was due to them without justification.

Sculco went on to say this was not an isolated event, that he saw questionable payment requests across LWRP grants. He said, "You guys [OSC] are working on one other case in Prattsville." He was asked to elaborate on the problems with other contracts. Sculco said, similar to Decker's contracts, in Prattsville back up documentation was missing from the contract manager. Sculco said he often questioned the vouchers, but ultimately the payments were made. Sculco said there was one request in particular he refused to approve because it was so glaringly problematic. He said Sandy Allen or Giardina took the grant away from him in response. When asked why, Sculco said the governor's office significantly pressured payments. He added, "I'm no longer there, you can put two and two together."

Sculco was asked if he thought it strange for one person to manage so many contracts, Sculco said it was reasonable, in a rural area, for one person to manage several grants due to lack of persons with necessary knowledge.

Sculco was asked about his interaction with Decker. Sculco said he first saw Decker on his second day of work and thought it odd that he wasn't introduced since he was introduced to all the other staff. Sculco observed that Decker was "cozy" with LWRP staff and was frequently around, often a few times a month. Sculco noted these visits decreased in frequency after the audit.

Sculco contrasted the differences between the BOA and LWRP grants by pointing out that the BOA grants require 100% documentation whereas LWRP grants do not.

Sculco said he initially reported to George Stafford (Stafford) when he began working in OPD, but around 2013 or 2014 the structure changed such that he was reporting to Ridler. Sculco felt that was a major conflict as part of his job function was to review the program work and was in a situation where he was reviewing work, if indirectly, of the person to whom he reported. Sculco expressed his concern, via email, to personnel who, reportedly, agreed with him.

Sculco was asked if he had worked with Kevin Millington (Millington), to which he responded, "Yes." Sculco was asked if he felt there was more or less pressure to make payments under Millington than under Smith, to which he responded that Millington was more relaxed and there was not as much pressure. Sculco added he thought Millington was "a wonderful man."

When asked if he received a vendor Responsibility Form from Decker, Sculco said he had questioned that. Sculco went on to say that he was unsure of Decker's role because of calls received from vendor's looking for payment because Decker had not yet paid them. Sculco was confused as to why vendors would be expecting payment from Decker rather than the municipality. Sculco said he believed this to be the trigger point for the audit. In response to a vendor complaint of non-payment from Decker, Stafford went to Internal Audit to make them aware of the situation.

Sculco was asked if he was aware of a "pre-approval" process for payments. Sculco said he knew program tried to work with municipalities to get paid.

The question of Decker providing a Vendor Responsibility Form was reiterated, and Sculco said he hadn't received one from Decker because, as he understood it, the requirement was not triggered because his contract was not greater than \$100,000. Sculco was informed that while Decker himself was contracted for just under \$100,000, he was entitled to not only travel and other incidentals which put his receipts over that threshold, but his contract with the municipalities was worded such that he received all grant funds to pay the sub-subcontractors putting Decker's contract value at whatever the grant value was, Sculco said he'd expressed concerns to Smith that Decker's contracts were not structured right. Sculco further explained that he couldn't tell who was being paid what due to the vague wording of the state contract. Sculco said generally, the contract would list the sub and sub-subcontractors, and indicate how much their contracts were, explicitly. In Decker's contracts, there was a general description worded like, 'In furtherance of said projects, etc.' and the whole grant amount under those contracted services description.

Sculco was asked if he was aware of a meeting about the contracts. He said he was aware of a meeting involving at least Luann Hart, Judy Kenney, Ridler, Smith, and Cindi Denick (Denick), but was not privy to it. Sculco said he knew Denick had caught double billings during the audit that his department had missed.

Sculco was then asked if he was aware of Decker's other businesses. He said he was not.

Sculco then relayed an example of his issues with Decker's payment requests. He said there was one time when Decker claimed he drove 300+ miles in one day, only listing a meeting in Lake George as the purpose. Sculco said that looked odd to him, so he went to Google maps and discovered it was about 36 miles each way from Decker's house to Lake George and concluded that the 300+ miles didn't add up. Sculco went to Smith and, to illustrate his point, said that Decker could drive from his house, around the entire lake of Lake George three times and not come up with 300+ miles of driving. Smith looked at it and said Decker probably had other meetings and was driving back and forth. Sculco pressed further and noted that 300 miles would result in over 5 hours of driving and Decker wouldn't have time to attend a meeting, no less several meetings. Smith was unmoved and insisted Decker probably went to several meetings.

Sculco said there were multiple red flags that concerned him about Decker. Sculco found it odd that Decker was so reluctant to provide back up. Sculco was also concerned that Decker would often question why these things were being asked for from him. Sculco felt that the way it's supposed to work is not at all complicated. Work is done, an invoice is received, a copy of the invoice should accompany a payment request to the municipality.

Sculco was asked if he expressed these concerns. Sculco said he was certain to document his issues in emails to Luann Hart, Smith, and John Wimbush. Sculco said he also advised Garcia to document issues as well. When asked about how many emails he probably sent regarding issues with contracts or payment requests, Sculco said it was more than 50. Sculco was asked if he was told to stop documenting issues, to which he responded, "No, not explicitly."

Sculco said he had kept the emails in a box at his house because he "figured there'd be a rainy day." He was asked if he would provide those emails to DOI, he said he would after review. Sculco indicated that there were many contracts he'd felt uncomfortable about including contracts in Prattsville, Amsterdam, and Islip.

Sculco was asked what his team's role in processing amendments was. He said he and Garcia would write the amendments in accordance with direction given to them by the program people. After they were written and reviewed, they were packaged for the municipality to sign, then the amendments would go to Fiscal Management for further processing.

Sculco indicated there was political pressure to not recover the money and that is why the amendments were allowed to go through on closed contracts. Sculco suspected there was concern that Decker or the supervisors would go to the Post or to the governor and that OPD would look bad taking money back from the struggling municipalities.

Sculco said he and his team raised questions to "anyone who would listen." He said Luann Hart and Judy Kenney were supportive while Smith and Giardina were not supportive.

When asked if anyone who was concerned used the words "fraudulent" or "falsified," Sculco said, "No."

When asked if he thought the things he was concerned about could have been a mistake, such as the mileage maybe should have been 36, but 300 was put by mistake, he said, "Absolutely not."

Sculco said he didn't understand why, after all this, the towns continued to allow Decker to administer the grants. Sculco said he thinks Smith specifically told the towns after the audit not to use Decker.

Of the amendments, Sculco said it was up to Fiscal to send to OSC but thought the amendments didn't meet the criteria that required OSC's approval – more than 10% of contract amount change, change of scope, etc.

Regarding the criteria, Sculco was asked if he thought the amendments should have gone to OSC for approval, considering the obvious change in scope. He responded that the amendments should not have been done. He added that big changes to contracts should go through OSC.

Sculco was asked if getting the amendments processed was lengthy in time. He responded no, because he thought everyone was looking to "button it up" and move past it.

Sculco was asked if he'd had concerns about inflated costs. He said he could "only speculate but travel costs were definitely too much. Overall, we could be paying twice as much."

Sculco was asked if he was familiar with Lou Canter (Canter) from Internal Audit. He said Canter had concerns over sub-subcontractors complaining over not getting paid. Canter brought his concerns and findings to Smith and Ridler. Sculco wasn't privy to the specific findings, but thought he found discrepancies. In response, it was Smith's and Ridler's position that Canter just didn't understand the process. Sculco felt that what was going on was very clear, "a community member put it together with FOIL responses and that's not nearly the level of information we have access to, and he put it together."

Sculco said he was unsure of Decker's position because he'd started as an employee of DOS, then the municipalities would contribute to his salary, then it changed again to Decker being a contractor of the town, but "he was always treated as an employee." Sculco felt all the grant money going through Decker, including the money to pay himself was a "huge conflict."

Sculco said that DOS was supposed to be chairing the meetings of the Coalition, but that Decker made the agenda and ran the meetings. Decker also established sub committees. Additionally, Decker was told by DOS how to word the grant applications. Sculco felt this was inappropriate as then DOS was scoring the applications.

Sculco said Millington and, later, Smith would let Decker into the department. Sculco said Decker and Millington, in particular, were very friendly. Sculco said that when he was a new employee, he didn't think too much of it, but in retrospect he found the relationship "clearly odd."

The interview concluded approximately 10:25 am.

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Amy Mullen, Forensic Auditor